

GASB 34-35 COLLEGE TASK FORCE MEETING
MINUTES
MAY 3, 2002

Attending:

Jay Sheffell, Consultant	Linda Peltier, Nicholls
David Muscarello, University of New Orleans	Joseph Thomas, Louisiana Tech
Tolor White, Southern University	Bonita Smith, Louisiana Tech
Susie Buchman, LSU Health Science Center	Paul Pendas, Legislative Auditor
Greg Bursavich, LSU	Tom Cole, Legislative Auditor
Bill Wells, LSU System	Afranie Adomako, OSRAP
Rita Graves, Northwestern University	Howard Karlton, OSRAP
Richard Thompson, ULS	Mark Rhodes, OSRAP
Elizabeth Riviere, Nicholls	

Listed below is a summary of the topics and questions discussed in the meeting.

The first topic on the agenda was the summer session. Afranie thanked Greg for the work he had done on the summer session issue. Afranie stated that alternative one (counting days) met the prescribed requirements. The decision on the acceptability of alternative two will rest with the auditors and OSRAP is not recommending either way. The auditors commented that the most obvious GAAP application was counting days. They aren't sure that alternative 2 will result in materially fairly stated amounts, but that is not to say that alternative 2 is incorrect. If a university or university system decides to use alternative 2, the auditor at that university or university system will have to determine if it is fairly presented.

The second item on the agenda concerned Endowed Chairs and Professorships held by University Foundations. It was noted that GASB 9, paragraph 14 allows entities to report net proceeds from sales (rather than gross). Joe questioned, if the state's share of proceeds was 40% and the foundation's share was 60%, would the state still report 100 percent of the proceeds from sales in the Statement of Cash Flows? A ULS representative was said to have stated that the universities should be reporting 100 percent of the net proceeds. A Task Force Member disagreed, he explained that if the money is donated to the private foundation, the donor authorizes it to be used for certain purposes, and the university has an agreement with the Board of Regents that their foundation is allowed to manage the state's portion of the endowment, then only 40% of the money should be considered state money and only that portion should be included on the cash flow statement. Now, if the money is donated to the university, then the university would put it in its endowment funds and those monies would be matched with 40% of the state's funds to create a chair or professorship, then that is state money because it was donated to the university.

The next question on the agenda was, "Should Student Government Association (SGA) fees be accounted for in an agency fund or should it be considered restricted?" Rita

stated that they use to account for the newspaper, yearbook, and radio station monies in an agency fund, but their auditor thinks it should be accounted for in the restricted fund so they are moving those monies to the restricted fund. Their SGA loan is the only monies that are treated as an agency fund. Linda said their auditors feel that SGA monies should be accounted for in an agency fund because they have their own board and they decide on how to spend their money. Some of the task force members were concerned that the auditors were inconsistent with their guidance (advising one university to place monies in an agency fund and another university to place them in a restricted fund). Instead of making a steadfast rule, the task force decided that each university should decide how their university should handle it. Paul was asked if the central office would be interested in making a policy. Paul noted that each team has levels of supervision above them that meet to share ideas and he recommended running questions, such as these, up the line. Paul said that Legislative Auditor management tries hard to be consistent through management meetings and university meetings, but it helps for concerns to be voiced by university management to the auditors regarding consistency. Sometimes the individual university situations may be different and sometimes different accounting approaches are acceptable, but the auditor seeks consistency in audit approach as much as possible.

Linda said, originally, she was told that she had to book all her GASB 34/35 adjustments in her accounting system. However, she said that Robbie Robinson stated that it was a miscommunication and that they did not have to book GASB 34/35 adjustments in their accounting system. Paul agreed that GASB 34/35 adjustments did not have to be booked in the accounting system, but could instead be incorporated through worksheets.

Rita noted that the summer session adjustment should create a fund balance. She asked if this would create an act 971 issue. Joe said that it was his understanding that any surplus or deficit created is a reporting model change and not an operational budget change, so there would not be a 971 issue.

Anyone who had restated their balance sheets were asked if they had any procedures to share. Linda said that she converted every fund to GASB 34-35 by fund except for the Cash Flow Statement. Also, she had a separate column for GASB adjustments. She offered to share her spreadsheets.

Revised Statements of Cash Flows were handed out containing the following additional lines in the Cash flows from non-capital financing activities section:

- TOPS receipts
- TOPS disbursements
- Other receipts (disbursements)

Also, "Auxiliary enterprises" were reduced to one line. (The account lines originally listed under "auxiliary enterprises": "residential life," "student union services," "athletics," and "other" were deleted to match the operating statement.)

The task force discussed where different items should be placed on the cash flow statement. Private loans should be placed on the account line "Other receipts

(disbursements)” in the “cash flow from non-capital financing activities” section. Deposits by parents and others for future tuition is an operating activity which should be reported on the “tuition and fees” account line in the “operating activity” section. Outside scholarships would also be included on the “tuition and fees” line except for TOPS.

One of the college representatives stated that Michigan and Oakton reported their agency transactions in the “operating activities” section. The GASB 35 Implementation Guide, p. 68, list agency transactions as a noncapital financing activity. Some of LA Tech’s agency funds appear to be operating and they wanted to know if they could place all of them in the “operating activities” section. A task force member stated that David Bosserman, with Oklahoma State University, has said that GASB 9 allows your institution to establish your own operating transactions. The task force agreed that agency transactions and deposits (question #12) should be reported in “operating activities” {under “other receipts (payments)”}.

Also, amounts for student’s unused debit card balances should be included in “Other receipts (payments)” in the operating activities section. Deferred comp. payroll withholding and 403B annuity payments should be shown as “other payments” in the operating section.

The next meeting was scheduled for Thursday, June 6th at 10:30a.m., but that time was booked so it was moved back to 1:30p.m. at the same place (the LaSalle Building).